The Real Reason There Are Fewer Law Firm Jobs (What No Attorney Wants You to Know)

Lately, there has been so much talk and so many articles about how bad the legal employment market is, how the economy is tight, how law school is a bad investment, how law firms are horrible places to work, and other negative aspects of being an attorney. I’ve even written some of these articles.

Could a lot of these problems be caused by attorneys themselves? If any business is suffering, there must be a reason, right?

I know the real reasons there are so many problems in the legal market. So do a good number of the attorneys in the United States. The problem is, however, very few people are talking about these reasons. In fact, the problems in the legal profession are so deeply ingrained, and the business model of law firms is so skewed, things will get worse before they get better for law firm attorneys. This does not necessarily apply to in-house, government and other attorneys. The real problem is with law firms.

In my opinion, a lot of law firm attorneys are their own worst enemies. Some attorneys are sleaze balls, they overcharge, are dishonest and could care less about the value they provide to their clients. It is precisely because of this fact that attorneys find themselves having trouble, and consumers and businesses are afraid to use attorneys for legal services. Attorneys with law firms often, justifiably, have a bad reputation with the public.

People want to avoid attorneys because they know that many attorneys will look for ways to overcharge and take advantage of them.

I am uniquely positioned to expose this rarely discussed fact.

- I have practiced at a few of the highest profit-per-partner law firms in the world.
- I have spent millions of dollars of my own money hiring large and small law firms.
- I also run my own small law firm.
- I also run a legal recruiting firm and have placed thousands of attorneys.
- I coach attorneys, write about, and study them extensively.

Many attorneys are very bad people and this is what this article is about. This article is an identification of the factors that are creating a "glut" of lawyers and unemployed attorneys. This glut exists because certain things are not being done correctly. There are some major problems in the legal market that create massive, upward pressure on legal bills and a lack of trust of attorneys by the public. None of this will change unless the legal profession changes.

**Law Schools Create Too Much Financial Demand on Young Attorneys Which Makes Them Willing to be Dishonest**

Law schools are a very big part of the problem. Anyone who wants to go to law school can. In many states (like California), anyone who wants to can even start their own law school or buy an existing one! I almost bought a law school several years ago; it was $250,000. Law school is also expensive. It is not uncommon for attorneys to come out of law school with more than $300,000 in debt.

Creating debt for tens of thousands of people each year means young attorneys are desperate to make as much money as possible to pay down that debt and to purchase the things they want and need: homes, cars, schools for their children and more. Once inside of law firms, the primary method these attorneys are
measured by is simply the number of hours they work (competence in legal matters generally takes second place to this).

Many of these attorneys simply make up work and sue individuals and companies for all sorts of unnecessary reasons. This increases the cost of doing business and results in higher insurance rates and more jobs being sent overseas.

Ultimately, their need to make as much money as possible, and bill as much as possible, can breed habits and ways of practicing law that work against their clients. Distrustful or angry clients will, instead, bring attorneys in-house or avoid attorneys altogether. In the long run, this ends up hurting the legal profession and depressing the amount of work that is available.

Sure, large companies will always send work to large law firms; however, in recessions, this is reduced dramatically, and the companies will try to do more and more legal work in-house. The best attorneys will always have more work than they can handle. It is the firms that are not the very, very best that are the worst offenders, in my opinion, because work is scarcer for them (more on that later) and they need to generate revenue.

Here are some of the major issues I see:

1. Attorneys Steal from their Clients by "Padding" Their Billable Hours

If the games that many attorneys played with clients, information and bills were played by "ordinary", less educated and established members of society, those people would be put in prison. It is as simple as that. When I was working for a federal judge, I saw people imprisoned for 20 years for stealing $1,500 from a bank with a note so they could feed their kids. When I was working for law firms, I routinely saw attorneys bill clients $10,000 or more for supposedly doing work on a weekend when they were not really working.

One of my favorite examples was when a friend of mine worked all weekend in a law firm putting together a brief. In fact, he worked so many hours that he slept in his Ford Explorer in the law firm's parking lot. When he turned in his time sheet to his secretary (that he shared with the partner), he saw that the partner had billed the client for working the entire weekend reviewing the associate's brief. However, the associate had not even turned the brief in to the partner yet!

This should be illegal. You never hear about attorneys getting in trouble for this sort of thing, and they do it all the time. I've routinely seen attorneys exaggerate their billings.

Just a few months ago, I was interviewing an attorney for our law firm that had a book of business. He came very well recommended. He told me he had been practicing for ten years, and he was making more than he ever had.

"I used to have to write all of my motions from scratch. Now a lot of the work is repeating itself. I've been able to "rehash" many of my old motions in a few hours and bill clients for the 50 hours the motion took me to do originally. I can do that for you too!"

I was astonished!

While this leads to massive questions about the morality of the attorneys committing these crimes, it also undermines the trust the public (and companies) have for the legal profession. If this is occurring, people will do everything they possibly can to avoid attorneys lest they get hurt and injured even more. In the situation where the attorney is simply making up time they worked to steal from the client, the attorney is not the client's advocate; the attorney is his adversary. This should never happen.

I would estimate that as many as 15 to 20% of attorneys "pad" their time and make up hours. What does this mean? It means that much of the legal profession is flat out lying to their clients and cheating people. I hate to cite these statistics because they make me feel like a traitor. The vast majority of attorneys I have ever known would never make up time. In most large law firms, I would estimate a good percentage of attorneys actually underestimate their time.

However, to get ahead, attorneys need to bill as much as possible. Thus, all billing is encouraged. I do not remember how many times I heard in my legal career, "If you thought about it in the shower--bill it!" If attorneys do not bill enough hours, they lose their jobs. If attorneys bill a lot of hours, they get promoted. What other incentive do attorneys need to make up hours?
2. Attorneys Often Do More Work Than Necessary Which Harms Clients

Attorneys do not always make up their hours. Sometimes they just do more work than is necessary and end up doing severe harm to their clients’ bottom lines.

After I left the practice of law, a friend in San Francisco contacted me with a serious legal problem. Someone had taken his website and completely copied it and all of the content. They were now soliciting business using the website.

"I want them to take it down immediately!" he told me. "I do not care what it takes!"

While it was obvious to me that he had every reason in the world to demand the site be taken down, I decided to refer the case to a lawyer in the firm I had worked for before becoming a recruiter. I figured he would dash off a short letter and bill my friend a few hundred dollars.

Instead, he dispatched an associate who proceeded to do 50+ hours of "research" about copyright law and wrote an in-depth, perfectly-proofed memo at $250 an hour. The partner then wrote a short letter:

Dear Bad Company:

Your website violates federal copyright law. If you do not remove it immediately, we will be forced to take legal action.

Signed,
Big Firm/Expensive Attorney

The partner then sent my friend a bill for $15,000. He could certainly have just sent the letter right away without the associate’s "research". The letter worked, but did my friend really need to have a long memo put together about the intricacies of copyright law? No.

Here is why the memo was created:

- The partner needed the memo to increase his billings.
- The associate needed the memo to increase the number of hours he billed for the year.

My friend, whom I had been friends with since high school, was very upset. In fact, he is no longer my friend. After that incident, he called me on the phone screaming:

"I'll tell you what I am going to do. I'm going to pay this bill and never talk to you again!" he told me.

I had nothing to do with the bill. I had just made the referral.

However, my friend had reason to be upset. I also learned he had been "scammed" by another attorney who billed him $30,000 for putting together a form contract. My friend assumed I was working with these attorneys and was receiving a "kickback." Nothing could have been further from the truth. I was just trying to help him out. Despite my good intentions, however, the attorneys I referred my friend to were just trying to "help themselves out."

In each of these cases, the attorneys did not need to do this work. They just overbilled on work that wasn’t really required.

3. Attorneys Often Do Work That is Completely Unnecessary

I run a small law firm that handles a lot of the legal matters for our company. A few days ago, we received a very well-written brief from some very competent and successful attorneys on the other side of a legal matter we are working on. There are maybe four attorneys in this other law firm. Since the brief was so well written, I figured it had taken these attorneys at least 150 to 200 hours to put it together. During the time they were working on this, I figured these attorneys had been completely dedicated to this matter.

I asked myself: "What would have happened if these attorneys had not been fighting with me this week? What other work would they have done?"

It is quite simple really. These attorneys would most likely have picked up another client file and figured out...
how to start billing their time to it. That is what attorneys do. They pick up a file and start billing. One month, a client might get a bill for $10,000. The next month, it might be $75,000 depending on the number of matters the attorney is handling at a given time. Some attorneys care about the client and make various ethical calculations. Many do not. Most just need to make sure they “stay busy” all the time.

It is because of this attitude that people fear attorneys. Attorneys’ survival and success is based on finding work to be done and ensuring they are constantly billing. Many attorneys are honest about the work that needs to be done and do not play games with their clients. It’s the dishonest ones that give all attorneys a bad name.

Not too long ago, we wrote a 15-page brief in our small law firm about a very established legal matter. It took us about 20 hours to write and proof the brief. We sent it to local counsel in another state to file. To my astonishment, instead of filing the brief, they took it and billed another 65 hours for “discussion” and “reviewing and revising” it. When all of this was complete, I had been billed over $18,000, and the brief was almost exactly the same. I have stopped giving the firm work and fear doing business with them.

This work was completely unnecessary and harmed me.

I’ve lost a lot of friends due to attorneys overbilling.

I went to another friend for an opinion about a tax matter several years ago a good friend. I paid him a retainer of $25,000 to have some research done about the opinion. My friend went on vacation. In his absence, an attorney from his firm decided he did not need to work on my tax matter and, instead, should try and raise money for one of my companies (this had nothing to do with the tax matter).

The attorney, who was supposed to be analyzing a tax matter, sent all sorts of confidential information about my companies out to a variety of merchant banks, investors and others without my authorization. He then met with me and said he had found someone willing to loan me millions of dollars. He requested I give him an under-the-table ”cash kickback” of $250,000 for arranging the transaction. I told him I did not want to borrow money and only needed tax advice. I was also upset that he had been sending my personal information all over town.

I never received the tax advice I had requested.

A few weeks later, I received a bill for $50,000. I refused to pay it because I had not authorized this type of work. When my friend called and told me that his major American law firm would sue me if I did not pay, I told him that I wanted to talk to his bosses and explain what had happened.

“That would not be good for me. Please don’t,” he said.

I never heard from him again.

This situation is all too common. I’m smart and review bills. Nevertheless, this type of behavior gets by a lot of people, and it breeds mistrust.

4. Many Attorneys Will Simply Charge People As Much Money as They Can

Several years ago, I was interviewing an attorney who had been working for some national outfit that advertised on television for DUI defense. They then farmed out the work to local attorneys all over the country who would handle the cases very cheaply (for a few hundred dollars). Most drunk driving cases simply involve an attorney calling the prosecutor and working out a deal (fines, some classes and community service). While they can be more serious than that, this is basically how the majority of these cases are resolved.

This attorney’s job was to sit behind a phone and take calls coming in on an 800 number all day. Once he received a call, his job was to tell the caller they had the best attorneys in the country, reassure the caller and then figure out how much money the caller had. Then the caller would be charged anywhere from a few thousand dollars to $25,000 for the same service.

If the referral service pays the attorney $250, then charging $1,000 to the client may be okay. But $25,000?

This is not right. I did not hire the guy and was disgusted he would be involved in something like this.

5. The Pressure of Most Law Firms to Generate Money Does Not Create a Partnership Between the
Client and Attorney

As I said earlier, there are some exceptional law firms out there that I do not think would ever rip off a client. A law firm like Munger Tolles, or Sullivan & Cromwell has all the work they can handle, and their services are in high demand. They have the best attorneys in the country, and everyone knows it.

The problem is the law firms that are not the best of the best and need more revenue. These law firms are often small, based in one city, and have good, but not exceptional, attorneys. They may even look a bit flashy or be brand new. I know how to recognize firms that overbill people and the type of attorneys in them. Thankfully, they are not all that common. What is more common are "a few bad apples that spoil the bunch." Incredibly, a lot of overbilling and manufacturing of hours is often done by the worst attorneys because (1) other attorneys are not giving them work, (2) clients are not giving them work, (3) they are "slow," and it takes them longer than others to do the same work.

The pressure of large, industrial law firms creates pressure to bill as many hours as possible. I have found in large cities there are scores of small to mid-sized firms where this pressure is not present. Similarly, in smaller cities there is more of a "partnership" between attorneys and their clients.

Conclusions

Attorneys need to be trusted advisors that clients are comfortable calling and relying upon. Attorneys need to have the interest of their clients at the forefront at all times and ensure their clients know they are there to help and not hurt them. The more people go to law school, and the more competitive the legal market gets, the more pressure attorneys have to make money. This results in more work being done by the billable hour and the temptation to overbill becomes worse.

I do know that most attorneys are in partnership with their clients but many are not.

- If there were fewer law schools and the profession had higher standards, things might be better.
- If law school was not so expensive, things might be better.
- If the billable hour was eliminated, and there was flat-fee pricing for legal services, things might be better.
- If attorneys were admitted to law school based on factors such as empathy with clients and/or trained in this, things might be better.

Companies and individuals now, in my opinion, see attorneys as people to be mistrusted. Therefore, attorneys should not be the least bit surprised when there is less work and fewer jobs to go around. It is the profession’s fault. Darwinian forces are now whittling away at the legal profession for the benefit of the survival and betterment of the majority (society). It should be the opposite.

Please see the following articles for more information about life as an associate:

- What’s Next after Finishing Law School
- The Real World: Life after Law School
- The Five Stages of Every Legal Career
- The Choices of Practice in Law
- Choosing a Law Specialty: Who Are You and What Do You Want
- The 10-Step, "No-Fail" Guide to Distinguishing Yourself as a First-Year Associate
- 5 Tips for First Year Law Firm Associates
- The Art of Drafting a Proper Legal Memo
- Top 39 Tips for New Litigation Associates and Trial Lawyers: How to Be a Good Litigation Attorney
- Avoid the Dangers of Getting Jobs Through Friends and Family
- The Three Major Legal Fraternities
- 2015 LawCrossing Salary Survey of Lawyer Salaries in Best Law Firms
- 2015 8th Year Salaries and Bonuses of the Top Law Firms
- 2015 1st Year Salaries and Bonuses of the Top Law Firms
- Getting along with colleagues and co-workers in a new firm
- LawCrossing Salary Survey of Lawyer Salaries in Best Law Firms
- The Pros and Cons of Working in a Law Firm
- The Impact Law Firm Economics Can Have on Your Legal Career
- How to Avoid a Bad Reputation at Work
- Must You be a "Type-A" Personality to Succeed in a Law Firm?

Please see the following articles for more information about law firm jobs:
What Law Firms Look for In a Lateral Resume
Law Firms and Part-Time Attorneys—They Really Can Go Hand in Hand
Overhead Ratios of a Law Firm
2014 AmLaw 200 Law Firm Revenue, Firm Size, and Breakdown
Top Ten Reasons Why Older Attorneys Have a More Difficult Time Getting Law Firm Jobs
Staying Put In Your Current Legal Firm and Learning Is the Best Option In Recession.